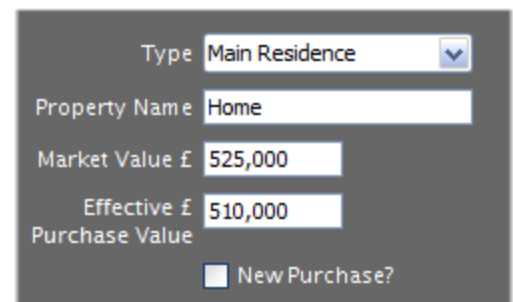## Property / Assets

John and Julia co-own a home which is presently worth £525,000. They have owned their home for 10 years and purchased it originally for £510,000.

1. To enter their home into the plan, select **Property/Assets** in the left navigation.

2. **People:** First, check the **People** panel located on the right side of the screen. As the primary client, **John** is already selected as the property owner, by default.

3. Julia co-owns this property with John. **Click Julia's name** in the **People** panel. Check marks should appear next to both her name and John's, indicating that they co-own the home.

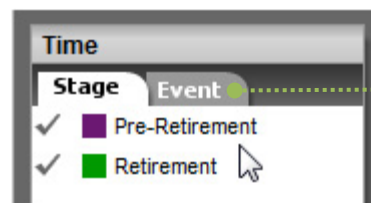Make the following entries and selections in the fields to the left side of the screen.

4. **Type:** Select **Main Residence**, the default.

5. **Property Name**: Enter "**Home**".

6. **Market Value £**: Enter **£525,000**, the present market value of the home.

7. **Effective Purchase Value £**: Enter **£510,000**, the total original purchase value of the home, including any portion of the home's cost that was financed.

Type	Main Residence
Property Name	Home
Market Value £	525,000
Effective £ Purchase Value	510,000
	☐ New Purchase?

8. **Time:** Check the **Time** panel located on the right side of the screen. Selections on this panel are used to set the time span over which the home will be owned and schedules the eventual sale or distribution of the property through the last surviving owner's estate.

Checkmarks on the panel's Stage tab will show the Pre-Retirement and Retirement events as selected. These default selections assume that the home is owned

Time	
Stage	Event
✓ ■ Pre-Retirement	
✓ ■ Retirement	

Time Ownership and Liquidation Using Events

The Event tab could be selected instead and different start or end events could be selected to purchase or sell the home at different points during the planning timeline.

at the beginning of the plan and will be held until the very end of the planning timeline and liquidated at the last mortality event.

9. Leave these default selections in place.

The line graph at the bottom of the screen will adjust, presenting the general growth trajectory of the home. This is a general illustration that shows the appreciation of the home and its scheduled liquidation.

10. Click **Add.** The Campbell's home will be shown in the ledger on the right side of the screen, displaying the property's value at the beginning of the plan.

Debts

John and Julia's home was financed with a mortgage, on which they owe currently owe £430,000. The mortgage has an interest rate of 4.5% and a minimum monthly payment of £3,000.

11. To enter their mortgage into the plan, select **Debt** in the left navigation.

12. **People:** First, check the **People** panel located on the right side of the screen. As the primary client, **John** is already selected as the property owner, by default.

13. Julia co-owns this property with John. **Click Julia's name** in the **People** panel. Check marks should appear next to both her name and John's, indicating that they co-own the home.
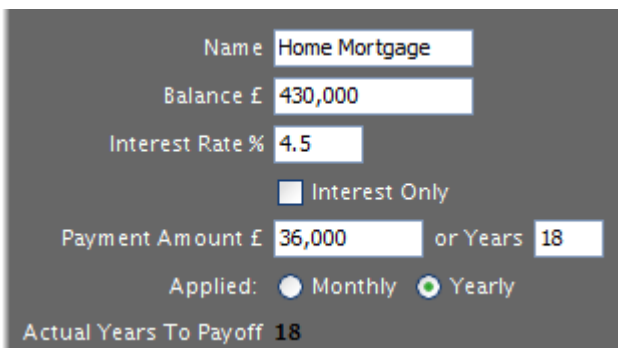
Make the following entries and selections in the fields to the left side of the screen.

14. **Name:** Enter "**Home Mortgage**".

15. **Balance £:** Enter **£430,000**, the current balance of the Campbell's mortgage.

16. **Interest Rate %:** Enter **4.5**%, the current interest rate on the mortgage.

17. **Interest Only:** Leave this checkbox **unticked**. This is a traditional mortgage.

18. **Payment £:** Enter **£36,000**. This is their annual payment amount. A monthly amount could also be entered instead.
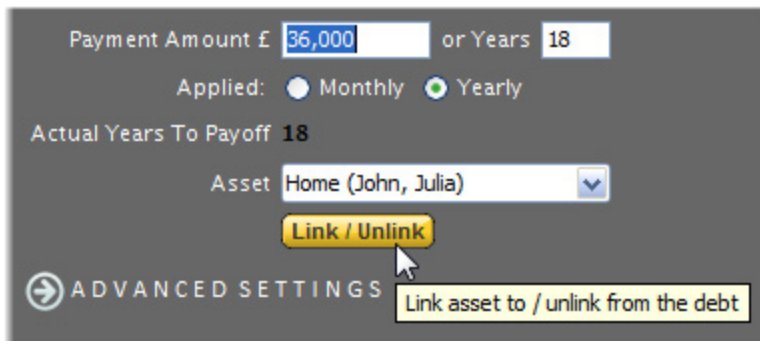
> This payment amount can be adjusted later by increasing or decreasing the loan payment expense, which is created automatically by the software whenever a debt is entered into a plan. This expense is found on the **Expenses > Basics** screen.

19. **Applied:** Select **Yearly**.

Based on this payment schedule, the number of years to payoff will be calculated and displayed. The line graph at the bottom of the screen will also illustrate the gradual pay down of this debt.
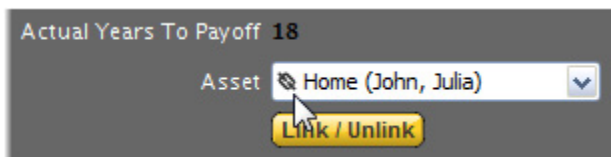
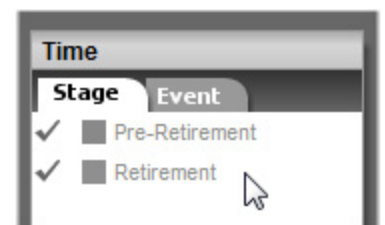20. **Asset**: Click the dropdown list and select **Home (John, Julia)**.

Why Link a Mortgage to a Property?

Linking establishes a connection between the property and mortgage. When a property is sold, the software will use the proceeds first to pay off (or at least pay down) and remaining balance due on any linked debts, providing a more realistic projection of what proceeds might be realised from the sale of the property.

21. Click the **Link / Unlink** button. A link icon will appear in the list above, next to **Home (John, Julia).** This link indicates that the property is linked to the debt. •‧‧‧‧‧‧‧‧‧‧‧‧‧‧‧‧‧‧‧‧‧‧‧‧‧‧

✔ Since the debt is linked to a property (the Campbell's home), there is no need to select a start event for it. Notice that the Time panel is now greyed out. The debt has inherited its timing from the linked property meaning that whenever this property is liquidated, if any balance remains due on the debt, proceeds from the sale will be applied first to paying off of the balance of the linked debt.
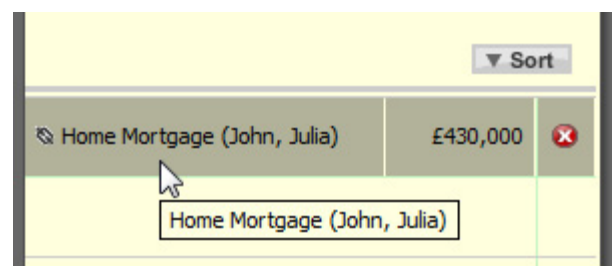
If you were entering an unsecured debt, a start event would need to be selected for on the Time panel to indicate when the debt is to become active in the plan.

Multiple mortgages could be entered and linked to a single property if necessary.

22. Click **Add**. The mortgage will be shown in the ledger on the right side of the screen, displaying the balance due on this debt at the beginning of the plan.

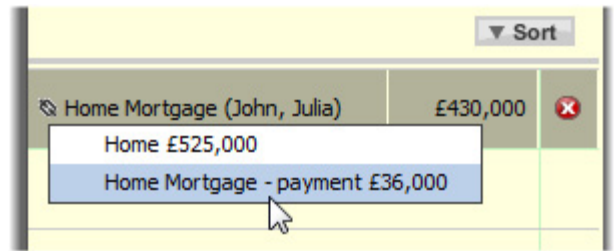A link icon is shown next to the debt indicating items in the plan are linked to this property.

Linked Debt Payment Expenses - How to Adjust Future Mortgage Payments

23. Click the link icon beside the "**Home Mortgage**" in the ledger.

Two items will be shown as linked to the Campbell's mortgage: their home and a "**Home Mortgage – paymen**t".
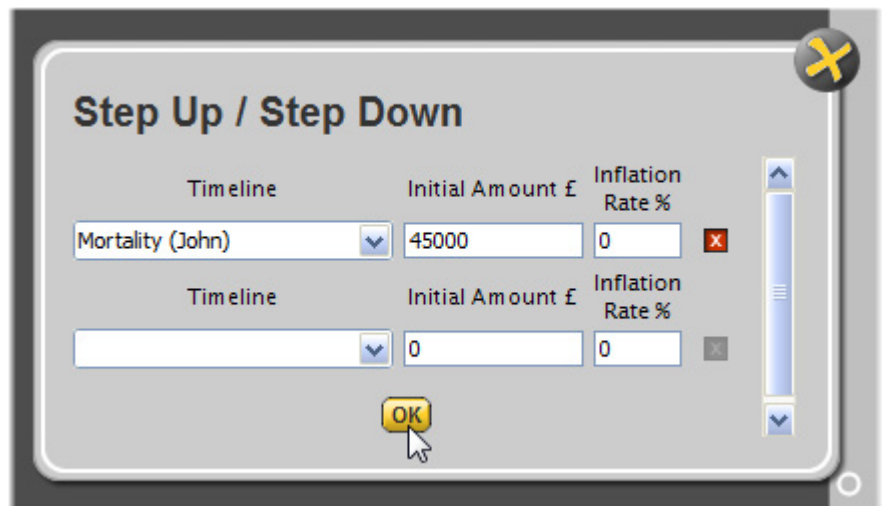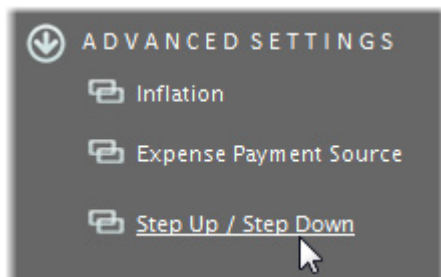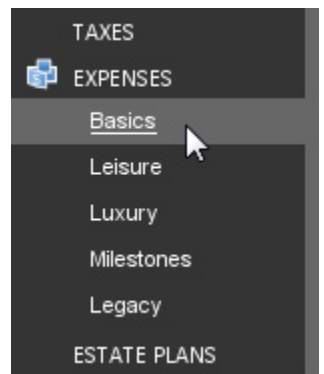
These items are active links that can be clicked to jump directly to the details about the home, on the **Property/Assets** screen, and debt payments, on the **Expenses > Basics** screen.

The Debt screen is intended to capture the basic terms of the debt and to possibly schedule its future payoff (an option available in the **Advanced Settings**). Whenever a debt is entered into a plan, a payment expense is created for it automatically.

24. From the ledger, click the link to the "**Home Mortgage – paymen**t".

The **Expenses > Basics** screen will display with the "**Home Mortgage – paymen**t" selected and ready for editing.

Should you need to increase or decrease future debt payments, you would edit the mortgage payment on the **Expenses > Basics** screen. Future payments could be stepped up, for example, to plan for future overpayments. Payments can be stepped up or down (increased or decreased) by event or stage using the Basics screen's **Step Up / Step Down** feature (shown below).

Questions, Assistance?

Should you have any questions when building your first client case, please feel free to contact our support staff by e-mailing support@planwithvoyant.co.uk.